

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 2651 – Highway Motor Vehicle Policy (LSB 5450 HV.1)

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Fiscal Note Version – As Amended and Passed by the Senate (H-8414)

Description

House File 2651, as amended and passed by the Senate (H-8414), provides numerous policy changes to the Department of Transportation (DOT) and city and county governments. Specifically, the Bill as amended:

- Upon payment of start-up costs, allows private Iowa four-year colleges, in consultation with the DOT, to design a special collegiate registration plate displaying the college's colors.
- Increases the fee for replacement of special motor vehicle registration plates issued to motor vehicle dealers from \$5 to \$40.
- Increases the penalties for speed violations in road work zones, and requires the DOT to post signs informing motorists of the increased fines.
- Provides several changes to oversize and overweight vehicles used in the construction of alternative energy facilities or transported to such facilities, including authorizing issuance of special multi-trip permits for a fee of \$600. These provisions take effect upon enactment.
- Permits the Department of Education to approve and administer drinking driver courses taught at State correctional facilities.
- Specifies that the limit on transfers of county general fund and rural services fund moneys to the county Secondary Road Fund applies only to transfers of property tax revenue.
- Establishes a new chapter for benefited secondary road services districts.
- Provides a "limited use" registration for owners of antique motor trucks, truck tractors, road tractors, and motor homes in certain circumstances, for a fee of \$70 for a two-year certificate and \$40 for a set of registration plates valid for two years. This provision takes effect January 1, 2009.
- Directs the Underground Storage Tank (UST) Fund Board and the Iowa Finance Authority to defease all outstanding bonds by June 30, 2008. Defeasance will be accomplished by establishing an escrow account to make all future bond principal and interest payments. This provision is contingent on enactment of legislation (TIME-21/Motor Vehicle Use Tax Repeal Bill) striking Section 423.43(1)(a), Code Supplement 2007.

OVERALL SUMMARY OF FISCAL IMPACT

- **Underground Storage Tank Program:** Although the defeasance will significantly reduce the free cash balance of the UST Program, it should not impact the ability to pay claims as long as the pace of cleanup does not increase significantly over the next three years.
- **Speeding violations in work zones:** The estimated fiscal impact to the DOT is \$172,000 in one-time costs from the Primary Road Fund for the installation of new signs. The estimated revenue generated from the increased speeding fines and Criminal Penalty Surcharge application is approximately \$80,000. The jurisdiction writing the ticket will determine how the revenue is distributed among the State General Fund, counties, cities, and the Victim Compensation Fund.
- **Limited use registration for antique vehicles:** The fiscal impact cannot be determined since the number of vehicles that will apply for the registration and the current registration fees are unknown.
- **Other provisions:** The estimated fiscal impact of the provisions regarding special collegiate plates, motor vehicle dealer registration plates, drinking driver courses, and oversize and overweight vehicle permits is anticipated to be minimal. There is no fiscal impact associated with the limit on transfers of county general fund and rural services fund moneys. The estimated fiscal impact of the provisions pertaining to benefited secondary road service districts is unknown.

SUMMARY OF FISCAL IMPACT BY PROVISION

Antique Vehicles

- House File 793, enacted during the 2007 Legislative Session, increases the annual fee for antique vehicles from \$5 to the same fee charged for older vehicles and removes the requirement that such vehicles be driven only for exhibition or education purposes. This provision takes effect on July 1, 2008.
- Of the total fees collected from vehicle registrations, county treasurers retain 4.0% for the county general fund, and the remaining 96.0% is deposited in the Road Use Tax Fund.

FISCAL IMPACT: The estimated fiscal impact of this provision is unknown. Also unknown is the annual registration fee per vehicle beginning on July 1, 2008. Under current law, owners of antique trucks and motor homes will be charged a registration fee based on the same fee for older vehicles beginning on July 1, 2008. Those fees range from \$35 to more than \$1,695 based on the age and weight of the antique truck, and from \$80 to \$100 for antique motor homes. House File 2651 allows such vehicles to be registered for \$110 every two years beginning on January 1, 2009.

UST Bond Defeasance

The UST Fund has \$32.5 million in outstanding bond principal, with annual principal payments and semi-annual interest payments payable through July 2014. The estimated amount of money necessary to fund an escrow account to make all remaining payments is \$34.6 million. The UST Fund balance as of February 1, 2008, is \$62.6 million.

FISCAL IMPACT: Although the defeasance will significantly reduce the free cash balance of the UST Program, it should not impact the ability to pay claims as long as the pace of cleanup does not increase significantly over the next three years.

Speeding Violations in Work Zones

- The new signs would replace the existing "Fines Double in Work Zones/Road Workers Give Em a Brake" signs that are currently located along the State highways in Iowa.
- Only the signs would be replaced. The sign posts and footings would be reused.
- New signs on interstates and expressways would cost approximately \$1,400 per sign and approximately 84 signs would be replaced.
- New signs on primary highways (two-lane) would cost approximately \$400 per sign and approximately 159 signs would be replaced.
- As fine amounts increase, the collection rate tends to decrease. Based on increased fine amounts, a 52.0% collection rate is assumed in the first year.

FISCAL IMPACT: The estimated fiscal impact to the DOT is estimated to be \$172,000 in one-time costs from the Primary Road Fund for the installation of new signs. The estimated revenue generated from the increased speeding fines and Criminal Penalty Surcharge application is approximately \$80,000. The jurisdiction writing the ticket will determine how the revenue is distributed among the State General Fund, counties, cities, and the Victim Compensation Fund.

Sources

Department of Transportation
Underground Storage Tank Fund Board

/s/ Holly M. Lyons

April 10, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
